

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2003-271-E - ORDER NO. 2003-573

SEPTEMBER 17, 2003

IN RE: Quarterly Reports for the Twelve Months	)	ORDER RULING
Ended March 31, 2003 of Duke Power	)	ON EARNINGS
	)	
	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) for review of the retail electric earnings of Duke Power Company (Duke or the Company) for the twelve months ending March 31, 2003. According to quarterly financial data filed by Duke with the Commission, the Company earned, for the period under review, a rate of return on equity of 14.25%. The authorized rate of return on equity for the Company is within a range from 12.00% - 12.50% with rates being set at 12.25%.

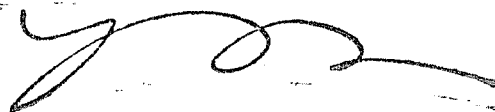
S.C. Code Ann. Section 58-27-920(1976) states that the Commission may, after a preliminary investigation and upon such evidence as to it shall seem sufficient, order any electrical utility to put into effect such a schedule of rates as shall be deemed fair and reasonable. Accordingly, based on the information on the earnings of the Company as provided to us by the Executive Director, we believe that a rate decrement of \$30,000,000 should be implemented for all S.C. Duke Retail Customers effective for bills rendered on and after the first billing cycle in October 2003. This rate decrement is to be in effect for a period of twelve months. In addition Duke Power is to be allowed to write-off regulatory assets in the form of debt cost totaling \$16,000,000. This write-off is to be

recognized immediately as an above the line expense in calculating the S.C. retail rate of return. This action will reduce the rate of return on equity reported for the twelve months ended March 31, 2003 from 14.25% to 12.03%. The rate decrements are to be made on a per kilowatt-hour (KWH) basis, based on actual retail sales for the twelve months ending March 31, 2003.

In addition the Commission will hold in abeyance the request of the Consumer Advocate to initiate a full rate case review for the Company based on its reported earnings as of March 31, 2003.

This Order shall remain in full force and effect until further Order of the Commission.

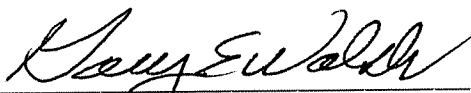
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn  
Chairman

ATTEST:



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Gary E. Walsh  
Executive Director

(SEAL)